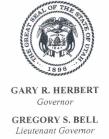
OIL, GAS & MINING



State of Utah DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER Executive Director

Division of Oil, Gas and Mining JOHN R. BAZA Division Director

October 16, 2012

Mr. Jon Sundstrom 143 W 300 N Emery, Utah 84522

Subject: Surface Openings in the SE ¼ of Section 15, T 22 S, R 06 E

Dear Mr. Sundstrom:

On October 11, 2012, the Division received your telephone call in which you reported a concern about some surface openings on your land (SE ¼ of Section 15, T 22 S, R 06 E). Mr. Peter Hess, Environmental Scientist III with the Utah DOGM took the call and responded to your request by traveling to the town of Emery to meet you and inspect your concern. Mr. Hess arrived at about 10:30 AM and traveled to your property with you to observe the damage.

Numerous holes and surface cracks were observed and photographed during the course of the inspection on October 11th. Darkening of the surface soils around the voids confirmed what you had indicated, that being that surface flows were making their way into the soils short of your desired containment. This field inspection was ended at about 11:35 AM on the same day.

As part of the records inspection, the Division reviewed PLATE IV-2, UG Operations Plan for the Emery Mine, (as contained in the DOGM approved mining and reclamation plan for State of Utah permit # C/015/015) as well as the Plats recording your surface ownership rights in land parcels 6-103-7, and 6-103-8 as depicted in the Emery County Recorder's Office, for Section 15, Book 6, Page 103.

The Emery Mine ceased production and entered into temporary cessation on February 16, 2010. No mining has occurred since that time.

Based on the maps review, the Division has determined that the Sundstrom land located in the SE ¼ of Section 15, T 22 S, R 06 E is too far north of the areas mined in 2010 to have developed the affects mentioned above. The 2nd Right and 00 North sections ceased operations in 2010. Your land is outside the Adjacent Area for Non-water Resources demarcation line depicted on PLATE IV-2 and is more than 3,000 feet away from a vertical line drawn above the maximum extent of the underground workings in the Second Right Panel. An Angle of Dewatering of 72 degrees from vertical indicates that the horizontal length of ground to the surface intersect point is 308 feet in length. The dewatering of your land and the surface voids.

Page 2 Jon Sundstrom October 16, 2012

which you have reported could not have been caused by the underground coal extraction activities from the Emery Deep Mine.

The Division believes that the voids which are receiving the surface flows across your land may have been caused either by the effects of burrowing animals, or the affect of settling above the old drainage pattern.

The Division hopes that this result will address your concern about your land. If we may be of further assistance, please do not hesitate to call me (801-538-5325) or Pete Hess at 435-613-3731.

Sincerely,

Daron R. Haddock Coal Program Manager

DRH/PHH/ss cc: Price Field Office O:\015015.EME\Sundstromletter 1.docx



GREG BELL Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Representatives Present During the Inspection.

OGM Pete Hess

Inspection Report

Permit Number: C0150015
Inspection Type: CITIZEN COMPLAINT
Inspection Date: Thursday, October 11, 2012
Start Date/Time: 10/11/2012 10:30:00 AM
End Date/Time: 10/15/2012 9:30:00 AM
Last Inspection: Tuesday, September 11, 2012

Inspector: Pete Hess.
Weather: partly cloudy; cool
InspectionID Report Number: 3263

Accepted by:

Permitee: CONSOLIDATION COAL CO
Operator: CONSOLIDATION COAL CO

Site: EMERY DEEP MINE

Address: PO BOX 566, SESSER IL 62884

County: EMERY

Permit Type: PERMANENT COAL PROGRAM

Permit Status: ACTIVE

Mineral Ownership

✓ Federal

State

Fee

Other

County

Types of Operations

Underground

Surface

Loadout

Processing

Reprocessing

| 442.50 | Total Permitted | | |
|--------|------------------------|--|--|
| 248.50 | Total Disturbed | | |
| | Phase I | | |
| | Phase II | | |
| | Phase III | | |

Current Acreages

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Division received a telephone call the morning of October 11, 2012 @ 8:35 AM from Mr. Jon Sundstrom of the Town of Emery, Emery County, Utah. Mr. Sundstrom had developed a concern about holes and cracks in the ground surface of the Qaurter Section of land which he owns SSE of the Town. Later investigation revealed that the land is the SE1/4 of Section 15, T 22 S, R 06 E, SLBM.

The Divison met Mr. Sundstrom at the Rest Area adjacent to Highway 10 in the Town of Emery at approximately 10:30 AM, briefly discussed the concern and then drove to the site to evaluate same. The southern property line of the SE 1/4 of Section 15 is about .62 miles north of the 4th East portal / truck loading area.

Mr. Sundstrom and his son, Pat Sundstrom represented themselves as the surface owners during today's inspection. The permitted areas of the Emery Deep Mine (areas disturbed for surface facilities) were not inspected this day.

Inspector's Signature:

Date

Monday, Octob DNR12

Pete Hess

Inspector ID Number: 46

Page 2 of 3

Permit Number: C0150015

Inspection Type: CITIZEN COMPLAINT Inspection Date: Thursday, October 11, 2012

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

- 1. Substantiate the elements on this inspection by checking the appropriate performance standard.
- a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 b. For PARTIAL inspections check only the elements evaluated.
- Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
 Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- 4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

| | | Evaluated | Not Applicable | Comment | Enforcement |
|------|---------------------------------------------------------------|-----------|-----------------------------------------|----------|-------------|
| 1. | Permits, Change, Transfer, Renewal, Sale | | ! | : 1 | |
| 2. | Signs and Markers | 1 15 | | 24.74 | |
| 3. | Topsoil | 1.] | •] | | |
| 4.a | Hydrologic Balance: Diversions | L | | [7] | |
| 4.b | Hydrologic Balance: Sediment Ponds and Impoundments | | | | |
| 4.c | Hydrologic Balance: Other Sediment Control Measures | 1 | **** | , | F |
| 4.d | Hydrologic Balance: Water Monitoring | | | (1) | |
| 4.e | Hydrologic Balance: Effluent Limitations | : : | ** ** | £1 | <i>y</i> |
| 5. | Explosives | | | • "] | |
| 6. | Disposal of Excess Spoil, Fills, Benches | | 1 · · · · · · · · · · · · · · · · · · · | : " | |
| 7. | Coal Mine Waste, Refuse Piles, Impoundments | 1 | 98 4 5 5 - 5 5 - 2 | | |
| 8. | Noncoal Waste | | **** | | |
| 9. | Protection of Fish, Wildlife and Related Environmental Issues | 1.5 | 1 | [] | |
| 10. | Slides and Other Damage | : | | | |
| 11. | Contemporaneous Reclamation | | 1 | | |
| 12. | Backfilling And Grading | : 1 | | i | |
| 13. | Revegetation | | | | |
| 14. | Subsidence Control | | r 1 | 11) | |
| 15. | Cessation of Operations | | 2.7 | 1.2 | [] |
| 6.a | Roads: Construction, Maintenance, Surfacing | | *** | | :] |
| 16 b | Roads: Drainage Controls | 1) | - <u>!</u> | | 177 |
| 7. | Other Transportation Facilities | | A141.04 | 1 | 77 |
| 8. | Support Facilities, Utility Installations | - 1 | | : "; | |
| 9. | AVS Check | i * | # HE ! 18 | 1, , | 1 |
| 20. | Air Quality Permit | 1 1 | | | |
| 1. | Bonding and Insurance | 1 | 11 | | |
| 2. | Other | Y | 1 | y | |

Permit Number: C0150015

Inspection Type: CITIZEN COMPLAINT
Inspection Date: Thursday, October 11, 2012

Page 3 of 3

22. Other

The first observation made this day was of the point of diversion on the SE corner of the Emery Town limits where ditch water is diverted into two flow volumes by a wooden flow divider. The flow, which was small, runs South on the west boundary of Section 10, and then is split again at the SW corner of Section 10. A drainage is depicted of each side of the Section demarcation (secondary road) indicating two separate flow paths. The single road splits in the SW corner of Section 10 and crosses NW quarter of Section 15 to access the sundstrom property (SE1/4 Section 15). // Mr. Sundstrom explianed the following. A land surveyor from CONSOL had performed some surveying on his land about six years ago, and he thought that this was preliminary to laying out mine development entries for the Emery Deep Mine. The topographic map made by the U S Geological Survey depicts a secondary road across the Sundstrom property starting in the NW1/4 SE1/4 and terminating in the middle of the southern Section Boundary. Two drainages (one on either side of the road) are roughly paralleling this secondary road. // As observed by the Divison on October 11, 2012, multiple holes and cracks were observed adjacent to and south of the stock watering pond which is depicted on this same topo map. Mr. Sundstrom indicated that he had cut a ditch with his tractor around the stock pond to determine if his received water right volume would find other access points to the subsurface of his land. Damp areas were seen around several holes in the area. The Division examined PLATE IV-2, UG Operations Plan, as contained in the Emery Deep Mine MRP. Mr. Steve Behling, of CONSOL Energy was also contacted on October 15, 2012 to obtain a partial map of the underground workings at this Mine, which is required to be completed for the Assistant Secretary of Labor. in accordance with the requirements of 30 CFR 75.1204. A review of that partial map, and PLATE IV-2 indicates that the area in question on the Sundstrom property is 1.32 miles north of the Second Right panel which saw primary mining in 2010. Some secondary mining was also practised in 2010 in panel 00 North. The Mine was placed into temporary cessation on February 2, 2010. No mining occurred in 2011. // The Sundstrom land is well outside of the delineated Adjacent Area for Non-water Resources line shown on PLATE IV-2. The surface openings and cracks observed in Section 15 on the Sundstrom land are over two delineated flow paths, which were probably re-graded at some point in time covering over the flow paths. The holes may be caused by burrowing animals in that area, and then accentuated by water flowing into them. In either case, surface flows crossing the same area have found these voids, and percolated into the ground through them. It is not possible that the underground mining caused these openings to develop. The surface flows have dropped into the soils, and more than likely percolate down to the original drainage elevation shown on the topo map. The affects would also be outside of the angle of dewatering in this area using a maximum angle of 72 degrees for shallow cover areas.



